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Bigelow, Edwin Victor

Unfairness of the Interchurch steel report

Scranton, Pa.

[1921]

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Unfairness of the Interchurch Steel Report

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Address by
E. Victor Bigelow
Andover, Mass.

Before the
Congregational Club
Worcester, Massachusetts
March 14, 1921

This address was part of a debate on the question: Was the Interchurch Commission unfair in its Report on the Steel Strike?

Mr. Bigelow was asked by the officers of the Worcester Congregational Club to take the affirmative and a certain member of the Interchurch Commission took the negative—that the Report was not unfair.

Published by C. F. MILLER
SCRANTON, PA.

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Reprint from the Chamber of Commerce and State Manufacturers Journal, April, 1921

UNFAIRNESS OF THE INTERCHURCH STEEL REPORT

Mr. President, Ladies and Gentlemen:

ONE of the readers of my former pamphlet on the mistakes of the Interchurch Steel Report sent back this comment: "The Steel Corporation will find a minister to defend it even if they have to go to hell to get him." That's a nice place to get ministers! I count it a privilege to suffer in a good cause. I think I understood the danger at the beginning, when I took it upon myself without the least encouragement from anybody to say something out of the fountain of my own conscience in the name of fair play.

I realize that I am in "No Man's Land;" that the churches are rather silent on this matter, and that there are some very hot shots being fired from various sides against anybody who dares to stand out upon this debatable ground. The way it happened that my address got into the hands of the Steel Corporation was this:—I was trying to secure the verbatim report of the Senate's inquiry into the Steel Strike. I visited the office of the Hearings Department of the Public Library in Boston and they telegraphed to Washington for me, only to find that the issue was exhausted.

Thinking that the Steel Corporation might have a reprint of the hearings I wrote to their New York office asking for any material which I might use in making an address before the Boston Ministers Meeting upon the Interchurch Report. They sent what I needed and Mr. Gary whom I have never seen, courteously asked the privilege of reading the address after its delivery, because of his interest in what I might say to the ministers. After reading it he asked the privilege of printing and circulating it, to which I freely consented for whatever use it might be

to my fellow Americans who are thinking upon these problems of industry.

I have been surprised to find a demand for over a million copies that have been printed.

The ungracious attitude of a critic has been assigned to me; you expect me to show that the Interchurch Commission's Report on the Steel Strike was unfair. A more amiable task was that given to the Commission; namely to make an impartial inquiry into the facts of the famous steel strike of September, 1919. They were free to report, and might have reported considerate treatment and kind provisions made by the Steel Companies, if they had seen fit to do so; but my task is simply to show unfairness.

Nevertheless, I will venture to speak well of the Commissioners. They were eight consecrated churchmen and one devout woman. They gave time and strength to a difficult theme with no hope of reward, except for the gratitude of laboring men with whom they deeply sympathized; and they summoned a rare courage, to upbraid and to denounce the wealthiest and most powerful corporation in the world.

Their purpose was above reproach and their spirit most unselfish. When I charge them with unfairness, I bring also a tribute of high esteem for their Christian chivalry.

Their work was not unfair in its intention but in its effect, in its impression, in its outcome.

And I will still further qualify their responsibility by explaining that the facts assembled in the report were not gathered by them, nor the judgments framed by them; but social workers and specialists in the study of labor troubles, were employed by them to do this work as thoroughly as their limited appropriation would allow.

I. Unfair in the Quality of the Investigators.

I submit at the very outset, that the report was unfair to the Commissioners themselves; for, although they were already biased by a serious prejudice against big business and an abnormal sentiment in favor of labor unions, they were still further overborne by the obsessions of this group of investigators, whose profession was the denouncing of employers and the abetting of labor unions including the reprobate I. W. W. With such a millstone about their necks, how could they escape drowning? If you should suspect our Chicago packing houses of unseemly conditions of slaughtering and preparing meat foods, and should send to investigate them a group of pronounced vegetarians, how could you expect anything but a gruesome account fit to turn your stomachs against all their products?

It was the misfortune of the Interchurch Commission to employ just such obsessed investigators of the Steel Strike—people who abominate our whole system of Capital and Labor, who yearn for a "new social order," whatever that may be.

How could you expect from them anything favorable to the employers whose work it is to guard the interests of capital and to utilize labor for the purpose of increasing capital?

II. Unfair in its General Charge of Abusive Treatment.

Here is a sample of what they say was the steel employers' method of handling labor (p. 27), "catch 'em young, treat 'em rough, tell 'em nothing." "The Corporation's executives in order to meet the Corporation policy are forced to grind the faces of the Hunkies and to trust to Welfare to salve the exacerbations."

Is that fair? Does it give fair credit to the employer who spends nine millions of dollars every year in providing safety, sanitation and

welfare, medical care, hospitals, restaurants, rest rooms, play grounds, school, churches—without discrimination to every class and kind of employee? Is it fair to apply such ruthless and annihilating discount to an employer who far exceeds the requirements of the law in safety devices, and who pays higher wages in that industry than are paid in any other basic industry, such as lumbering, farming, mining, and fishing?

If their statement of cruel steel management is fair what kind of fools must the steel workers be in this free country to stand such abuse? Are they chained to their jobs like galley slaves? Not even a cobweb holds them in! Thousands upon thousands of them are husky young fellows, free as the air to come and to go wherever they can get the job they like best.

And during the war, when men were wanted everywhere for big money, did the Steel Corporation lose its men by reason of niggardly pay or brutal treatment? No! A copious stream of new laborers came pouring in every day, increasing their total from 191,126 in the year 1915 to 268,710 in 1918.

Either the Commission's Report is unfair about the cruel treatment of employees in the U. S. Steel Corporation or the common laborers in this country are bigger fools than we can possibly believe.

Let me tell you what one of the former steel workers told me—

FROM DAY LABORER TO PRESIDENT.

"The hours were long and the work hard and exacting, but not more so than work in other industries; and I have always counted those years the best, most interesting and altogether the most beneficial of nearly thirty years' experience in hard work.

"Life within a large steel-works is democracy pure and simple. As between man and man there is no class distinction and each individual

is treated according to his own ability and character—with a possibility for a laborer of special ability some day to become president of his company. Mr. Farrell, the president, started as a laborer; Mr. Schwab, as axman on an engineering corps, and virtually every position in the U. S. Steel Corporation management is filled by men who started at the bottom."

Does the Report contain any testimony like this? No! Many thousands of such are easily obtainable, but our investigators gave not one of that kind. Twenty-five of the grouchy kind were inserted in the chapter upon Grievances and Control, and they make their inevitable impression; but is it fair?

How would you like to have your church set forth in the words of some few members who do not like your minister or the church methods? Or if you a marketman, and a few of your customers should have found eggs in what you sold that were a little too ripe, would you count them fair to publish "simply that and nothing more, evermore?"

III. Unfair in its Claims for Collective Bargaining.

It is easy for some people to look upon the wage system as a species of slavery and to call employers slave drivers. Such were the investigators of the Steel Strike; but a better balance would have been set before the Commissioners if half of the investigators had been men who could feel the perils of property and the fears of those who have the care of it.

In one of the high years of the war profits—1917—there were about 120,000 corporations in this country that reported a net loss for the year; that is almost one out of every three corporations reporting to the office of Internal Revenue. There are some cares for a successful business man.

In the Steel Corporation the difference between a successful year and a failure, often is located

within the last ten cents of every dollar's worth of business. They haven't much leeway, and it takes careful watching to make the balance fall on the right side. No wonder they dislike the meddling of a labor union. Too many cooks spoil the broth.

The unfairness of the Interchurch Report is conspicuous at this point; for it assumes, wholly without proof, that the imperfections and infelicities of Mr. Gary's management would be eliminated by collective bargaining with his employees; whereas he might be muddled by the most ideal collective bargaining.

Collective Jargoning

But the only kind of collective bargaining offered in the Steel Strike was that of the American Federation of Labor; which included in its twelve demands, the reinstatement of every trouble-maker who had been discharged, with pay for all his idle time; the establishment of the eight-hour day, which meant an entire revision of schedules and additional wages of one hundred millions of dollars; the check-off system of union dues whereby the Corporation should be the collecting agent for the labor unions; promotion by union rules, rather than by individual merit; the abolition of physical examination, so that no one could tell what contagious disease or weakness might cause a fatal accident or unfit a man for real service.

Bear in mind that these particular bargains with enormous dangers both to person and to property, were the only kind offered by the A. F. of L.

Was it fair for the Report to exhibit the infelicities of Mr. Gary's management, and ask us to condemn him without any estimate of the alternative? Did they purposely suppress the alternative grievances or were they over sanguine about the prospects of the Federation style of collective bargaining?

Anyone who knows the seamy side of huge manufacturing establishments, can find under the full sway of collective bargaining, every grievance noted by the Report in Mr. Gary's control; and with the A. F. of L. style of collective bargaining, there is the additional blight that comes from alien interference and the sapping of productive energy.

Another feature of collective bargaining which does not seem to have had sufficient consideration in the minds of many of its advocates is that the employer is practically the only one who is compelled to adhere to the provisions of the bargain.

Labor Union leaders do not hesitate to disregard the terms of the agreement when it seems to be in their interest to take such action.

A law, agreement, rule, or regulation which binds one party, but not the other is morally and economically wrong and un-American and has no merit in justice or common sense.

I am deeply convinced that the Interchurch Commission is wholly wrong in assuming that the best cure of grievances can come through collective bargaining. The best adjustments are always achieved by the ingenious contrivance of the controlling management to secure a higher and finer success in the business.

Such fine examples of industrial cooperation as are obtained in the Colorado Fuel and Iron Co., the International Harvester, the Endicott-Johnson Co. and hundreds more such famous modern samples of happy cooperation, are not achiebed by collective bargainig; but are conceived and originated by the managers of the property and offered to the workers either individually or in groups; and while the help of the workers and their advice is honestly sought, the whole scheme of betterment emanates from the controlling center of the business and is for the purpose of making the business successful to a still greater degree.

The greatest achievement of collective bargaining is simply in emphasizing the value of the human element in all production. It is therefore unfair for the Commission to present the principle of collective bargaining as a competent rival in the task of managing a business.

IV. Unfair in Perverting the Words that Define the Corporation Policies.

Only a comparatively few people have read the Interchurch Report; but they must have observed a prevalent habit of using words in a subtle form of condemnation. Many phrases are framed in quotation marks that cast a doubt upon the meaning intended, and in some cases quite reverse the sense of the speaker.

A conspicuous example of this perverting is the word arbitrary. Mr. Gary in his testimony before the Senate committee used the word "arbitrarily" to characterize the method of raising wages voluntarily by the Corporation. This word was adaptable to their purpose, and carries a condemnation of the policy of control which the Commission disapproves; and it is peculiarly pat because taken from the lips of Mr. Gary himself.

But in his use, as the context clearly proves, the word meant a decision based upon sound reasons and upon the most regardful consideration of the employee's welfare. The Report however uses the word in the sense of "unreasonable," "inconsiderate" and "wilful." This shifting of the word from its fair meaning to an ugly one, reminds me of what I have seen in a game of croquet when an ambitious youngster would urge a ball a fraction of an inch just to get it upon the other side of the line of the wicket.

It is unfair! I am not saying that the commission intended to cheat; but their preconceived notion that the Corporation is autocratic, automatically shifted Mr. Gary's word into an unfair position which it suffers throughout the whole Report.

The measure of this unfairness is handsomely illustrated in their treatment of the twelve-hour day difficulty. The correction of the twelve-hour day has been a problem for many years, inherited from the times when it was not so unpopular as it is now.

The Long Day and the Longer Pay.

The management of the Corporation is seriously considering its extinction; but seventy-five per cent. of the workmen up to the time of the war preferred the twelve-hour day, because of the fat wages in the extra hour hours which bring pay and a half. At fifty cents an hour the twelve hours meant $7.00 a day. For men who had been in the habit of working fourteen hours a day in the "old country" for a pittance, this seven dollars for twelve hours was a bonanza.

Not the Corporation but the men felt the appeal of dollars justifying the long day. The twenty-four hour process would cost less to the corporation in three shifts of eight hours at $4.00 each or $12.00 for the whole day against $14.00 for the whole day in two shifts. But this extra cost to the company did not weight against the desire of the men who had their say about these hours and wages notwithstanding the expressed preference of the corporation for the eight hour day.

The Report says that the one great grievance of the men was that they had no control over the hours and wages of their work! How can they fairly say this when the preference of the corporation distinctly gave way to the preference of the men in this, the most glaring infelicity of the whole steel business.

In all their indictment of the "inhuman twelve-hour day" the natural inference is that Mr. Gary is to blame for allowing the men to have their own way about working twelve hours, because it disgraces America. Can it be that they want him to be more arbitrary in the matter?

Farmers Work Eight Hours Plus

Either they are unfair in their claim that the men have no control as to hours and wages or else the twelve-hour day is not so inhuman as they represent. Indeed the farmers of our land, whom we esteem not at all inhuman, in many thousands of case are working just as hard as the steel men twelve hours a day, and for less money.

The same method of unfair shifting of a phrase is met in the chapter on Social Consequence of Arbitrary Control. Here is where they affirm that the Corporation discharged men freely on account of "unionism."

There is a perfectly innocent kind of unionism and millions of men in our land feel the substantial value of labor unions for the purpose of binding workmen together in the defense of their interests. To deny men employment or to discharge them from employment because they belong to unions is abhorrent to our general American sentiment, and is denounced by the Steel Corporation itself. How then does the Report accuse the Corporation of discharging workmen for unionism?

It is done by a shift of unionism from its innocent meaning into a unionism that is militant and vicious. For many years thousands of steel workers have been members of labor unions without prejudice against them; but when the Strike was being prepared every unionist was summoned to prepare for a stiff battle against the Corporation. Those who yielded to the incitement, whether for booty or for glory, became soldiers in a campaign to break down the well-known policy of the Corporation, that of running its own business.

The Firing of Firebrands

Some very old and trusty employees listened to the siren voice of the enlisting officers of this

campaign, and their unionism changed from the innocent kind to the incendiary kind. In many cases when the officials of the Corporation detected this change of an employee from a friend to a foe he was discharged for the welfare of the organization.

Now in case of such discharge it was perfectly natural for an employee to say he was discharged for unionism. He wouldn't say pugnacious unionism or malevolent unionism, even when the Corporation knew it to be such; but the unfairness of the Report, rests in assuming that unionism was always innocent and in condemning the Corporation for knowing the contrary.

The Report says (p. 213) that in Johnstown 200 discharged men signed statements in one day claiming they were discharged simply for unionism, and twelve letters are printed containing circumstances of such discharge in other places; but the worth of all this evidence is quite doubtful. When a boy is expelled from school for misdemeanor, he usually is quite ready to make an affidavit that the cause for his expulsion lay in the teacher's unjust treatment.

V. Unfair in its Appeal to Jealousies.

Leaving that species of unfairness which arises from the shifty use of words, we will consider the kind that results from a play upon our feelings.

Jealousy of men against others for unequal possession is not hard to arouse. The investigators dished up this menu of sour distinctions between the poor and the rich, the dependent and the privileged enough to spoil the judgment of the commission. Let me give you a sample to taste.

On page 13 the Report says—"nearly three quarters of the steel workers could not earn enough for an American living standard. The bulk of the unskilled steel labor earned less than enough for the average family's minimum sub-

sistence. Concerning the financial ability of the Corporation to pay higher wages the following must be noted: the Corporation vastly increased its undistributed financial reserves during the Great War. In 1914 their total undivided surplus was $135,204,471. In 1919 this total had been increased to $493,048,201. Compared with the wage budget in 1918 the Corporation's final surplus after paying dividends of $96,382,027 and setting aside $274,277,835 for Federal taxes, was $466,888,421—a sum large enough to have paid a second time the total wage and salary budget for 1918 ($452,663,524) and to have left a surplus of over $14,000,000. In 1919 the undivided surplus was $493,048,201 or $13,000,000 more than the total wage and salary expenditures."

Such a display of figures before the average reader arouses a feeling of resentment, a feeling of jealousy over the gigantic gains of the wealthy and the puny pittance of the poor. I have heard this passage quoted in bitterness by men who have not taken the pains to examine it carefully.

The fatal damage of stirring up jealousy on insufficient grounds is illustrated in the famous tragedy of Othello, when the noble Moor is stung to desperation by the garbled reports of Desdemona's unfaithfulness given by Iago. He murders his innocent wife and ends his own misery in death. Poor Othello, victim of an unfair treatment of human jealousy! There are too many noble men and women in our land who suffer the stings of jealousy by an unfair display of the inequalities of life.

The Tort in a Distortion

The Steel Corporation indeed had a large undivided surplus at the close of 1918—$466,888,-421; *but it had taken twenty years of close management to accumulate that bunch of savings.*

The Report suggests that they might have spilled it all in one year, doubling the men's

wages. Is that the way you would squander the savings of twenty years? Our friend Cohen would say "You've got a great head for business! I don't think."

After suggesting this generous disposal of the surplus at the close of 1918 the Report says, "In 1919 the undivided surplus was $493,048,201." That seems to say the surplus earned in one year was 493 odd millions; but the truth is that only $26,159,790 were added in the year 1919; which was about five per cent. increase over the total surplus as it stood at the end of 1918. Is five per cent. increase for the year a gigantic gain which disgraces the rich Corporation? It is only savings bank interest with absolutely no addition from steel earnings. Don't you suppose that the thrifty steel employees added more than five per cent. to their savings bank accounts during that year?

And how about the wage increases during the war compared with corporation profits?

The annual average wages during the years 1917-18-19-20 were repeatedly increased, so that they stood at the figure $2,153, average wage for the year 1920. This was an increase of 133 per cent. over the wage of the year 1915; but only 45 per cent. was the increase of profits in that period of years. During these four big years the average annual wage was $1,756, which was 90 per cent. more than the wage of 1915; but only 77 per cent. was the increase of profits earned for capital stock in that period of comparison. And the owners of this stock were in many cases living upon a smaller income than the Steel workers' wages. On every count the Corporation made the workers' increase proportionately larger than the stockholders' increase, which is its fixed policy of industrial uplift. But the Report constantly plays upon men's susceptibility to jealous sentiment.

Poison Gassiness

One instance of this poisonous sarcasm is on page 104 in this sentence—"That is, 181,000 steel workers had just as much chance to get a corporation-built, low-rental house as they had to get Mr. Gary's New York mansion."

To set off Mr. Gary's mansion in vivid contrast with the hovel of a hunkie is excellent pabulum for bolshevism; and it is all the more palatable because cooked by a "parlor bolshevist." On page 87 this statement is given as an important consideration—"Increase in wages during the war in no case was at a sacrifice of stockholders' dividends." The evident target for such a remark is the jealous spot in the human heart. It is a sort of yellow journalism, insinuating that dividends are not earned but are a sort of parasite preying upon wages.

The writer of the Report who, I understand, was not one of the Commission, has an exceptional talent in the art of insinuation, offering almost hypnotic suggestions in thousands of sentences throughout the book looking towards class hatred, industrial violence and bolshevism; all of which is quite unfair to the susceptible jealousies of men.

VI. Unfair in Charging the Steel Corporation with the Harshness that is Due to Nature.

One of the phases of the Report's unfairness is the laying of blame upon the Steel Corporation for the harshness that Nature itself exercises. It appears prominently in the wage question. Because the unskilled workers were paid "less than $1,466 a year" the Corporation is called tyrannical and harsh; but perhaps it is not the Corporation's harshness so much as nature's that makes the yield of toil so small.

When men work on farms, not run by the Steel Corporation, many of them working harder and longer than the Steel unskilled workers, are

rewarded by nature with a yield that averaged in 1919 $675 for the year (World Almanac for 1921). They had to pay board and rent out of this such as they could afford.

It is of no use to condemn Nature for providing so meagre a subsistence; she says it is enough to live on and that doom is accepted by fifteen millions of toilers in agriculture in the United States. General Crowder reported about fifty millions of toilers of all kinds, high and low, manual and professional, throughout our nation whose total earnings for the year were about $60,000,000,000, which means that the average of $1,200 worth of subsistence was achieved for each toiler. This includes all the extravagances of the rich as well as the crumbs of the poor—an average of $1,200 for every toiler of the total of 50,000,000 toilers.

Now if Nature here in America has so established the conditions of life that the average is $1,200 for the income of a toiler, is it fair to charge the Steel Corporation with harshness when it pays the lowest class of its employees nearly $1,500 per year.

Vicarious Vivisection

In the same vein of unfairness the Report tells of the sheriffs and the courts in the strike region dealing harshly with the strikers, and for this the Corporation is blamed; it tells about the prejudiced reports of the press in Pittsburgh, and for this the Corporation is blamed.

But perhaps the real reason is that the people in those regions are conscientiously opposed to the strike and the strikers methods, wholly on their own account, and not on account of the Corporation.

Perhaps the sheriffs remember the horrible murders in the Homestead strike of wretched memory, and knowing the bloody dangers of free assembly for discussing a pending strike, they refuse the normal right of free assembly with ut-

most conscientiousness, and not to please the Steel Corporation.

Perhaps the judges have convictions of their own not induced by the Steel Corporation, whereby they pronounce sentence upon disorderly persons and strikers. Furthermore it may be that human nature itself has a lot of cruelty in it that may be exercised against strikers without any support from the Corporation.

Is it not unfair to assume as the Report does that the Corporation is to blame for the existence of these phenomena?

VII. Unfair in Failing to Give Due Credit to the Steel Corporation as a Great Stabilizer.

There is one more count of palpable unfairness worthy of recital. It was unfair in our Commission not to recognize a conspicuous service of the Steel Corporation to this whole country during and after the war. I do not refer to the amazing millions of dollars paid in taxes, nor to the prompt and rapid supply of steel for ammunition and warships that equipped with incredible celerity our government which had been negligent in war preparations; both of these services were of incalculable value, but the service for which I enlist your appreciation was the Corporation's great stabilizing influence in the nervous and excited business world.

In the days of Andrew Carnegie the violent fluctuations of the steel business justified his comment that "Steel is always a Prince or a Pauper;" but since the advent of Mr. Gary's reasonable and considerate management which our Commission calls "arbitrary," the steel business has been one of the steadiest in the world.

When the price fixing commission of our Government undertook this same stabilizing program after our entrance into the war, Mr. Gary co-operated with Mr. Brookings, the chairman, in the effort to keep the steel prices down to a reasonable level.

As soon as the Armistice was declared, the prices of steel through the leadership of the corporation were lowered $10 a ton, by March 21, 1919. When that tidal wave of price inflation swept over us in 1919 and 1920, the Corporation would not be swept away from its anchorage of low prices; even though freights advanced and taxes increased and all things purchased were higher and wages were raised still further until the profits on some of its lines were completely obliterated. Some of the "Independents" charged "market prices" which in most cases were much higher than the prices of the Corporation.

The incalculable advantage to the business of our country wrought by the Corporation's price policies, our Commission wholly overlooked; and a still more beneficial stabilizing policy they completely condemned.

Freedom for Industry

The Corporation's policy of running its own business upon sound principles of industry without yielding to the popular clamor for new experiments in the line of Industrial Democracy, brought it into sharp contrast with our Government's policies during the war and immediately after. When our Government passed the Adamson law, and the Clayton Act and did many other startling innovations at the behest of the labor union leaders of our country, and when our neighbor, the Government of Great Britain under still greater pressure of labor unionism actually made unionism a Government "establishment" just as they make the church an establishment, all this immense prestige and pressure against the American principles of freedom in industry, was centered in the great Steel Strike against the U. S. Steed Corporation. But in spite of it all the Corporation stood fast and when its sturdy resistance is condemned by our Interchurch Commission I can say only this "Forgive them; for they know not what they do!"

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